Cordiant Digital Infrastructure

CORD's unique portfolio offers investors differentiated growth and income potential...

Update
19 June 2024

Overview

The management team behind Cordiant Digital Infrastructure (CORD) aim to capitalise on the growing demand for interconnected technology by buying, building, and growing a portfolio of infrastructure assets linked to the digital world. This includes towers which support TV, radio, telecoms, fibre-optic cables for internet connectivity, and data centres for storage and cloud computing support (see **Portfolio**).

Since the trust's launch in 2021, the managers have acquired five companies which are owned directly or indirectly in their entirety. This allows the team, which contains a number of operational specialists, to execute a strategy of growing revenue and operating profits generated by these assets and as a result, their values. They aim to generate a total net return of 9% per annum including a moderate dividend. The portfolio is revalued twice yearly with an in-house model, which is verified by an independent accounting firm (see **Performance**).

The trust pays a **Dividend** of 4p per share. This is designed to provide investors with a cash return whilst also allowing the managers to invest in the growth of their assets. At the current share price, this dividend offers a yield of 5.5%.

The current wide **Discount** of the shares is contributing to the high yield. The trust initially traded at a premium before moving to a discount in mid-2022. This has since widened out significantly to its current level of 35.6%, over one standard deviation wider than the average since the trust's inception.

The trust has strict rules on **Gearing**, with a maximum look-through allowance of 50% of gross assets, which includes both company and trust-level borrowings. At present, this level is below 40% of which c. 13% is at the trust level.

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Analyst's View

Infrastructure as an asset class has become an important portfolio diversifier in the past decade, and we believe CORD offers differentiation within the asset class due to its unique asset base and approach (see **Portfolio**). CORD provides 'core plus' infrastructure, meaning infrastructure assets that have the potential to increase their revenue generation through increasing utilisation or adding capacity. The CORD team concentrate on those sectors which form the backbone for the continued growth of connected technology in the economy. The managers' ambitious return objective of 9% net per annum, which is to come primarily from capital growth, means the trust offers the potential of equity-like returns from an asset class which may exhibit lower operational risk than equities, supported by a trend with structural demand (see **Performance**). That said, the portfolio is currently relatively concentrated, which brings its own risks.

We believe the trust's wide **Discount** could offer a compelling entry point at this juncture. The discount has widened out from mid-2022 onwards as interest rates rose. However, these have arguably peaked and could become a tailwind to sentiment towards the trust. We believe there is significant scope for the discount to narrow should the interest rate environment improve, and if this brings the share price back above NAV, would allow the managers to issue shares to reduce the concentration of the portfolio. The wide discount has also increased the yield available on the trust, despite its capital growth tilt (see **Dividend**). As such, we believe the current discount creates an income opportunity in the short term, as well as future potential for capital growth should the macro improve.

BULL
Asset class is well supported by structural demand for technology
Managed by a team of operational experts looking to generate attractive net total returns of 9% pa
Trust is trading at a wide discount to NAV which has increased the yield potential

BEAR
Current portfolio profile exhibits relatively high concentration risk
Portfolio has elements of operational risk that may be absent from traditional infrastructure
Trust-level gearing needs to be repaid in 2026

Portfolio

Cordiant Digital Infrastructure (CORD) owns a portfolio of infrastructure assets linked to the digital economy. The management team at Cordiant Capital look to generate capital growth and income from the growing demand for interconnected technology which supports the expansion of technology throughout the economy.

The team focuses on three main areas: 1) mobile towers (covering TV, radio, and telecoms), 2) fibre-optic networks and 3) data centres & cloud computing. The current portfolio has assets operating in Europe and North America. The team have a "buy, build, and grow" approach which involves buying quality companies in their entirety and leveraging their assets to expand capacity, and therefore increase revenue, operating profits, and value. The team are a combination of operational and financial specialists in this space, meaning they have the knowledge and capability to help deliver growth. When the management team consider new projects, they look for the potential for a gross return over 10.5% p.a. as part of the 'grow' element of the trust's approach. This, after accounting for fees and other costs, including maintenance, is designed to support the ambitious net 9% pa total return target for the trust.

CORD was launched in 2021 and has so far raised £795m in three tranches. These proceeds have been fully deployed, alongside trust-level debt of €200m (see **Gearing**) into five companies. The investments acquired so far are operational companies which are predominantly delivering positive earnings and cash flows. The managers have bought these in their entirety from the likes of private equity and financial services groups. They are either held directly or indirectly through intermediate holding companies.

Following the purchase of their fourth holding, Speed Fibre, as of 30/09/2023, the managers had c. £72m of capital available to invest at the trust level from free cash, though we note this does not include a subsequent investment in Norkring België, purchased for a total consideration of €6.2m. The managers note that there remains the potential to invest further across the portfolio, which would fund incremental build-out of capacity. Importantly though, any build-out requirements are optional and not obligatory meaning there is no requirement to raise additional capital.

At present, CORD owns five companies split across different asset classes. The first is Emitel, a Polish multi-asset business of communications towers, fibre-optic networks, and a sensor network. The company, bought in November 2022 for £353m, is a leading player in its home market providing TV and radio access to nearly the entire population and includes Poland's national broadcaster among its customers. Due to very differentiated localised markets, including the recent growth of domestic language programming, TV and radio continue to see resilient demand in these geographies. The firm has recently been awarded the contract for providing digital radio across its geographies which is in the early stages of rollout in the region but is expected to experience good growth. In July 2023, the managers successfully refinanced Emitel's debt leading to a lower blended rate than the previous facilities and freeing up capital for growth capex. This totals 1.57b Polish złoty (PLN), equivalent to £310m. The majority of this is in a senior loan with international and Polish banks, due to expire in 2030.

České Radiokomunikace (CRA) is a Czech business that owns a series of towers, data centres, and fibre-optics networks. The company was bought in May 2021 for £305.9m and is the country's market leader in all areas in which it operates. The TV broadcasting division has recently been awarded several new contracts from a number of blue chip institutions including AMC Networks, and we understand is also enjoying good growth rates and asset longevity. The company has long-term contracts in place with the likes of T-Mobile and is seeing strong demand growth in its data centre business albeit from a low base. CRA has debt levels of c. £138.5m at an interest rate that is hedged. This loan is due to expire in the second half of 2025. We understand the managers are looking to refinance this in the near future.

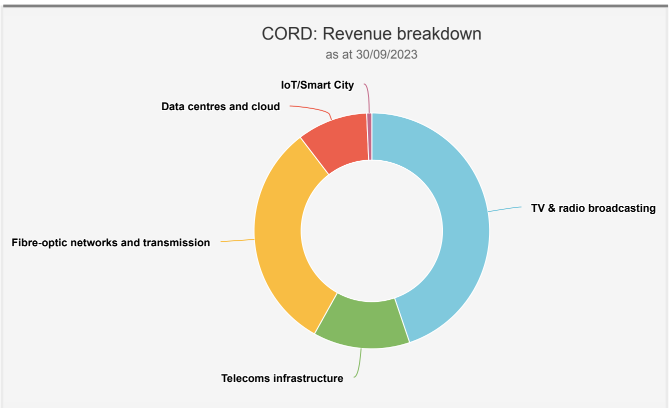
The trust also owns Hudson Interxchange, a US data centre based on Manhattan Island in New York. The company was purchased in January 2022 at a value of £55.8m, below the construction cost. The Cordiant team planned to fit new data halls in the coming years to meet the growing demand for cloud, content, and software as a service provision. This strategy hasn't delivered the expected outcomes since purchase, with sales underperforming the original plan and as a result, the fit-out is being delayed. This has resulted in a write-down in the value of the asset to £48.9m and new personnel installed to help turn around its fortunes. The management believe there is still significant growth potential from Hudson Interxchange and have committed a further investment of £2.9m in the latest interim period. The managers note that positive earnings may take a while to come through.

More recent purchases include Speed Fibre, which is an Irish fibre infrastructure provider purchased in October 2023 at a value equivalent to £164.5m which was funded from a mixture of cash, including a vendor loan note and debt. At present, the net senior debt of the company is £80.7m, making up 49% of enterprise value on a gross assets basis. Speed Fibre is the leading open-access fibre provider in Ireland, with over 5,400km of fibre and wireless support. The managers are looking to capture the growth of high-speed internet in Ireland, as well as the increasing demand of Ireland's growing data centre network which is expected to capture significant market share over the next few years. The managers are focussed on the backbone fibre business rather than the B2B customer business to ensure better resilience of income, though the B2B division is significantly integrated into the overall business.

The fifth asset is Norkring België, a Belgium-based operator of 25 communication and broadcast towers. This purchase was completed in January 2024 at a total consideration of €6.2m. The company provides radio, TV services, and telecom across the region and is looking to expand into supporting 5G broadcast as part of its growth strategy.

A number of these holdings have multiple underlying asset types within them, and we therefore show the breakdown of the assets by revenue generation to demonstrate the split of the portfolio.

Fig.1: Portfolio Breakdown By Revenue



Source: Cordiant Capital Inc.

Whilst the portfolio is diversified by revenue, two holdings, Emitel and CRA, make up a significant proportion of overall assets at 43.2% and 36.5% respectively which does offer significant concentration risk. However, the managers note that the underlying assets are very diversified, with over 1,400 assets, including c. 1,250 telco towers, seven data centres, and c. 10km of fibre-optic network. These assets are also diversified by country and customer which are predominantly institutional, rather than individual consumers.

To help mitigate concentration risk going forward, the managers hope to further build-out and diversify the portfolio. To this end, they have a significant pipeline of potential investments, totalling over £2.8bn across Europe, the UK, and North America covering a range of asset classes. We understand that the management team had planned to grow the trust and deploy proceeds into this pipeline, though the higher interest rate environment has contributed to CORD trading at a discount, which therefore limits the capacity to raise capital via share issuance (see **Discount**).

One of the future areas of revenue growth for the trust is the increased demand for interconnectivity through the Internet of Things (IoT), in which physical objects are embedded with sensors and connected to the internet, for the purpose of connecting and exchanging data with other devices and systems. Much of this demand will be reliant on 5G data and sensors, which the managers hold through assets such as CRA. Revenue from these assets is currently at a low level, albeit growing rapidly, approximately doubling revenue every two years. The managers note that 5G offers a wider bandwidth but over a shorter range and therefore is likely to lead to increased demand for tower build-out in the future. Considering the large number of towers in the portfolio, CORD should be well-placed to capture this future growth opportunity.

Gearing

Given CORD owns operating companies directly, gearing can be considered as consisting of two elements. There is the trust-level borrowing the managers can use to buy and manage portfolio companies, and there is the debt the individual portfolio companies have at a company level, on a non-recourse basis.

CORD has limits on the total amount of net debt allowed on a look-through basis, including all debt held at the company level and at the underlying portfolio companies, with a maximum of 50% of gross assets (100% of net assets). As of the publication of the interim statement on 30/09/2023, CORD had total look-through borrowings of

List Of Assets By Acquisition Value

ASSET	ORIGINAL COST	DATE OF ACQUISITION	MOST RECENT VALUATION	% OF TOTAL VALUATION	VALUE DATE
Emitel	£353.0m	November 2022	£461.2m	43.2%	September 2023
CRA	£305.9m	May 2021	£388.6m	36.4%	September 2023
Hudson	£55.8m	January 2022	£48.9m	4.6%	September 2023
Speed Fibre	£164.6m	October 2023	£164.6m	15.4%	October 2023
Norkring België	£5.31m	November 2023	£5.31m	0.5%	November 2023

Source: Cordiant Capital

£552.9m, which equates to a total debt level of 38% on a GAV basis, or 61% on a NAV basis. We discuss the debt levels at a portfolio company level in the **Portfolio section**.

At the trust level, the managers have drawn down in full CORD's €200m facility, which is repayable in 2026. The facility is an 83% fixed rate with an average rate currently of c. 6.3%. The managers believe their approach of using a bond offers more stability than a revolving credit facility which has been a route peers have taken leading to challenges as interest rates have risen and periodic 'clean-downs' required.

As of 30/09/2023, CORD had £72m of cash to deploy into new pipeline opportunities or existing holdings, though this figure does not include the subsequent purchase of Norkring België for a total consideration of €6.2m. The managers note that any funding requirements of their existing holdings are optional, and not commitments.

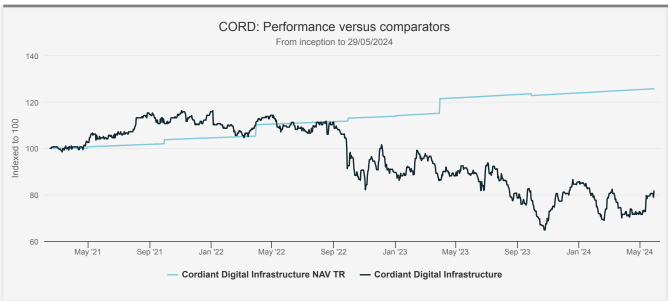
Performance

Unlike many traditional infrastructure investment vehicles, the primary goal of CORD's management team is to grow capital over time based on their 'buy, build, grow model', rather than focus on high dividend distributions. To achieve this, the managers will use their specialist knowledge and operational leverage to increase the value of their assets, such as by increasing the number of tenants on a tower, or through increasing the number of clients using a data centre. The trust has a net 9% NAV total return target which is to come from a mixture of income, currently 4p per share, and growth of the underlying companies and their assets. The trust has no formal benchmark.

CORD's focus on capital growth sets it apart from much of the AIC Infrastructure sector, which tends to deliver the majority of returns through income. Testament to the success so far of the strategy is the fact that since its launch in 2021, the trust's NAV has risen from c. 98.3p per share to 112.7p per share as of 30/09/2023. Over this period, the trust has also paid a total of 7p in dividends.

On a NAV total return basis, CORD has returned 22.4% (or c. 8.4% per annum) to 30/09/2023 which is marginally behind the trust's net 9% per annum target, though the portfolio is only valued bi-annually, with the next revaluation, to 31/03/2024, due to be published in June 2024. CORD has outperformed the AIC Infrastructure sector on a total return basis since inception too, although the share price, along with those of many peers, has lagged due to weak sentiment towards companies.

Fig.2: Performance Total Return Since Inception



Source: Morningstar

Past performance is not a reliable indicator of future results.

On an individual holding basis, Emitel has contributed significantly to performance since its acquisition in November 2022. The original cost was £353m, compared to the most recent valuation (30/09/2023) of £461.2m, marking a valuation uplift of 30.7%. The managers note the asset has performed ahead of expectations since the initial investment. In the interim period to the end of September 2023, Emitel has benefitted from the launch of a new television channel in Poland using their asset base, and through M&A. The company purchased a portfolio of 65 towers from American Tower Corporation which come with long-term inflation-linked contracts. The future expected revenues have added to the value of the holding. Furthermore, Emitel saw revenues climb by c. 10% due to the high proportion of inflation linkage in their contracts. However, this was somewhat offset by higher costs from salary rises. Since the end of CORD's financial year, Emitel has won the contract for providing digital radio services for a portfolio of regional radio stations as well as for further television broadcasting services.

CRA has also contributed positively to performance since it was purchased in May 2021, with its value increasing from £305.9m to £388.6m on 30/09/2023, a valuation uplift of 27%. This has been driven by increased revenues from across its underlying holdings, with the data centre and cloud business performing particularly well, as well as benefitting from increased capacity in its towers network. We believe this demonstrates the benefits of owning a company with a diverse range of assets and therefore, potential performance drivers. More recently, CRA has seen an increase in revenues from the inflation linkage of many of its contracts. These revenue gains were somewhat offset by higher power costs which impacted margins. In the six months to 30/09/2023, the company's valuation was negatively impacted by unrealised currency moves. This was also a headwind for Emitel in the period and reflects the volatile macro environment of the past couple of years. We believe this is one of the risks to be cognisant of when considering the trust, namely exposure to the Polish złoty (Emitel) and the Czech crown (CRA). We note though that whilst a headwind to performance in the most recent interim period, the impact of currency movements has been a net positive on the trust since inception.

Emitel and CRA make up the majority of the portfolio and are therefore expected to continue to have an outsized impact on performance. This concentration risk could have a significant impact on CORD's performance should there be issues at a firm level. However, the assets are fully owned by the trust and are managed in-house by a team who are operational experts and have been operating in this area for many years. They also undertake significant due diligence and analysis before making an acquisition which should identify potential issues before committing any capital. Furthermore, these two companies have very diverse asset bases within them, with a range of good quality, blue chip customers which should help diversify the underlying risk.

Hudson Interxchange is clearly one investment that has so far not gone as well as planned. It was purchased in January 2022 for £55.8m and has seen further investment, most recently in the period covered by the interim statement to 30/09/2023 of £2.9m. In this period, the firm enjoyed a c. 16% rise in revenue due to new contracts and pass-through from the inflation-linked contracts. Unfortunately, an increase in costs for power, staffing, and rent offset this. As such, the company returned negative EBITDA for the year which contributed to a write-down of the asset to £48.9m (down 12.4% from the original purchase price). The managers caution that this investment may struggle to deliver profitability for the next 12 months due to roll-out taking longer than expected. However, the CORD team still believe in the long-term potential of the company due to its unique, central location and the strong demand drivers for data centres. Hudson is a considerably smaller position than Emitel and CRA and therefore the fall in value so far experienced has had less of an impact on the overall NAV picture.

CORD's two remaining investments were either purchased or announced in the period following the most recent interim period. Any changes in value will be reported in mid-June 2024, when CORD announces its annual results for the year ending 31 March 2024.

Valuations are undertaken bi-annually. The team at CORD perform in-house analysis using their own DCF valuation model, consisting of a weighted average cost of capital approach which includes adjustments for country risk, sector, and market beta. In the most recent interim statement, to 30/09/2023, the managers increased the weighted average discount rate to 9.8% which reflects an increase of 173 basis points since the trust's IPO, and up from 9.6% in March 2023. This increase from 9.6% to 9.8% led to a net decrease in the value of the portfolio of £32.6m. The valuation approach is audited annually by BDO, the auditor, and the board also receives an independent valuation every six months directly from a specialist valuation team at a 'Big Four' accountancy firm which is reviewed alongside the manager's internal estimation to ensure accuracy.

Whilst higher interest rates have contributed to a pullback in valuations in the near term, there is potential for interest rates to fall going forward. Indeed, inflation in a number of countries has fallen back close to targets and this has raised hopes for interest rate cuts later in 2024. Should this occur, it could lead to a reduction in the discount rate the managers use to value the portfolio, which would have a positive impact on NAV.

Whilst asset values have a strong influence on NAV returns, revenue generation is also important and one of the key financial metrics the managers score themselves against. One critical factor in this is the ownership structure. The managers own their assets in their entirety and can therefore make operation decisions that will influence revenues. The management team are operational specialists with a strong track record of building and growing digital infrastructure assets and as such, are well-placed to increase revenue generation and therefore, NAV, which we believe is one of the key supportive factors for the trust. The managers have utilised their control to secure long-term contracts with key customers, as well as adding inflation protection to ensure the resilience of the income over a variety of timeframes. This has been particularly beneficial to performance over the past year.

Dividend

Unlike many trusts in the infrastructure space, the management team have set CORD a return goal which is expected to come primarily from capital returns. As such, the trust is more growth-focussed than income-driven. However, the asset class does have considerable income generation inherent within it, meaning CORD does pay a reasonable dividend.

The managers originally set an income goal of 3p per annum when launched, which was raised to 4p in January 2022 following a successful initial deployment of capital. With the shares having fallen to a **Discount**, the trust is currently offering a yield of 5.5%. The company has paid one dividend of 2p per share so far in the financial year ending March 2024, with the target being to pay another to hit the 4p goal payable for the year.

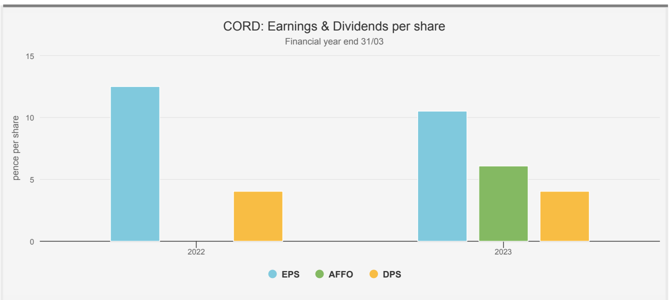
Due to the varied nature of the underlying revenues, the managers calculate dividend cover using an 'adjusted funds from operations' (AFFO) figure. This aggregates the earnings from all holdings before deducting costs for interest, taxes, and maintenance capex, to get close to a cash cover figure. Based on AFFO, the trust had a dividend cover of 1.2x for the half-year ending 30/09/2023.

However, we note this didn't include the capital expenditure for future growth in the period which, if included, would have taken AFFO below the total amount distributed as a dividend. This capital investment should be expected to be a non-recurring amount which will allow future revenues and therefore, cover to grow. On the other hand, we note the post-balance sheet date acquisition of Speed Fibre, would have seen dividend cover rise on a pro-forma basis to 1.5x.

Notwithstanding higher interest costs payable on floating rate borrowings, we understand that the managers believe the 2024 dividend should be covered by future cash flows.

In the chart below, we show the relationship between earnings, AFFO, and dividends. The AFFO figure was first introduced in 2023.

Fig.3: EPS & DPS



Source:Cordiant Capital

Over the long term, we understand the managers aim to be able to increase the dividend amount in absolute terms, though not at the expense of capital growth. As such, the trust is unlikely to ever be one of the highest yielders in the infrastructure sector. The managers have indicated that in the short term, they intend to use some surplus earnings to undertake share buybacks to help narrow the discount, meaning the dividend prospects are unlikely to change until the trust's rating changes (see **Discount section**).

As a result of this, we believe the dividend should be seen as an additional element of the investment case and one part of an attractive total return goal. At present, the yield looks particularly attractive in our opinion, due to the wide discount.

Management

CORD is managed by a 17-strong digital infrastructure group at Cordiant Capital Inc., who are specialists in buying and operating mid-sized companies involved in global infrastructure and real assets, with a particular focus on digital infrastructure assets. They also have operations in energy transition infrastructure and the agriculture value chain.

Across the firm, there is c. $4bn of capital invested in a mixture of investment vehicles, ranging from private equity, private credit, and managed accounts with a client base that extends across global insurance firms, pension plans, and family offices. The firm has offices in London, Montreal, Luxembourg, and Sao Paulo.

Cordiant Digital Investment Management is headed up by Executive Chairman Steven Marshall and CEO Benn Mikula. Steven has a long history in digital infrastructure having previously been the president of the American Tower Corporation's US Tower Division where he pioneered new infrastructure models now widely used in a number of countries. Benn has more of a finance-related background having worked in digital and related areas for over 30 years as an analyst, investment banker, private equity investor, and board member. He has had roles at JPMorgan, where he led the London telecoms team, and RBC Capital Markets.

Mark Tiner acts as CFO for Cordiant's digital business. He has 20 years of fund finance and reporting experience at EY, 3i Infrastructure, Marwyn Investment Management, and Novalpina Capital.

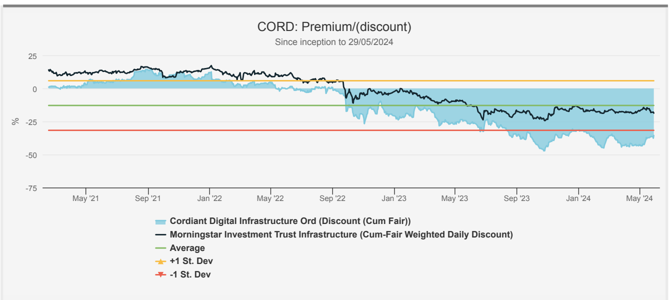
In total, the team own over 1.5% of the share count between them showing a strong alignment of interests with shareholders. This includes the shareholding of Stephen Marshall who owns 8.3m shares having added as recently as May 2024.

Discount

Despite the resilient NAV performance, CORD currently trades at a discount of 35.6%, which has widened considerably since mid-2022. We believe there are a number of factors contributing to this, from the broad economic environment to machinations within the infrastructure sector.

The trust was launched during the period of particularly low interest rates in early 2021 when infrastructure was seen as an alternative income asset to bonds, which offered negligible yields. In the period shortly after launch, the trust traded at a notable premium, as high as 14% before falling back. The premium narrowed as inflation, and subsequently interest rates, rose, before moving to a discount around the period of the mini budget in September 2022. The higher interest rate environment has contributed to the asset class, as well as investment trusts more generally being perceived as less attractive on a relative basis as the yields on lower-risk assets have risen. This can be seen across the infrastructure sector which currently trades at an average discount of 18.7%, compared to an average level of 1.2% in the period since CORD's inception. However, as we discuss in **Portfolio**, CORD is not as income-focussed as many in the sector, and therefore, the relative yield as a determining factor impacting the discount, could be overdone in our opinion.

Fig.4: Discount



Source: Morningstar

Within the infrastructure sector is one other digital infrastructure trust—Digital 9 Infrastructure. This has had several trust-specific issues which has caused its own discount to balloon and the board to announce a winding up. We believe these issues are very trust-specific, although since they have emerged, the discount on CORD has also widened which could be seen as a contagion effect. Another potential reason for the discount could be regarding the relatively high level of gearing versus other investment trusts, and risks surrounding refinancing and/or higher interest costs borne by CORD. That said, nothing is imminent, so the current discount is clearly pricing in a lot of negativity and therefore could be seen as an opportunity for long-term investors.

The board has taken measures to help narrow the discount after announcing a share buyback programme in February 2023 for up to £20m worth of shares. In the interim statement to 30/09/2023, the board announced the buyback of 2.55m shares at a total cost of £2m. In the period since, a further c. 4.7m shares have been bought back with the most recent being on 12/02/2024. As such there remains plenty more firepower under the current buyback programme, notwithstanding other calls for CORD's cash. We note that the management team have also been buying a considerable number of shares in a personal capacity, with c. 1.5% of the share count now owned by members of the management team.

Charges

CORD has a tiered management fee designed to pass on the economies of scale to investors as it grows. The fee is also based on market cap rather than net assets, unlike most competitors, meaning the managers are further incentivised to narrow the discount.

For the first £500m of market cap, a fee of 1% is charged. This drops to 0.9% for the market cap between £500m and £1bn and then to 0.8% for amounts above this. The latest market cap, according to figures from JPMorgan Cazenove as of 30/05/2024 was £541m which offers an estimated annual management charge of 0.99% of market capitalisation.

The most recently published OCF is 0.9%. This is lower than the management fee due to being calculated from NAV rather than the market cap. This is considerably lower than the weighted average of the infrastructure sector which is 1.26%.

CORD's latest KID RIY is 1.41%, which compares to a weighted average of the infrastructure sector of 2.07% according to JPMorgan Cazenove, though we would caution that calculation methodologies can vary.

ESG

Cordiant Capital Inc. has integrated ESG principles into its investment process for over 20 years, with the goal of understanding potential challenges that ESG issues may present, as well as identifying potential solutions that can solve these challenges. Their approach is based on three key pillars: screening, management, and tracking.

Within the firm, there are dedicated ESG analysts who are embedded within the team that undertake wider corporate analysis. This ensures that ESG factors are considered alongside more traditional company fundamentals. Beyond just the identification of issues, the team look to engage with investee companies on issues they identify in order to manage or mitigate risk.

Cordiant Capital Inc. also have vehicles that invest in agriculture, infrastructure, and renewable energy so ESG analysis is a notable feature throughout the firm. The firm was an early signatory of the United Nations' Principles for Responsible Investment (PRI) and a founding signatory of the Operating Principles for Impact Management.

Due to the nature of digital infrastructure investment, the primary ESG focus for the managers within CORD is on green energy. ESG analysis during the recent purchase of Speed Fibre had a fundamental impact on the decision to invest in the firm, with the company achieving a five-star GRESB rating in 2023. Examples of changes the Cordiant team have made since investment include CRA, where the managers have set a target of 100% renewable energy use by 2025. This is to be achieved by rolling out solar energy across the firm.

Due to the esoteric nature of the asset base, CORD has not been given an external rating by Morningstar.

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